



General Assembly

February Session, 2018

***Raised Bill No. 5209***

LCO No. 597



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING LONG-TERM CARE INSURANCE PREMIUM RATE INCREASES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (a) and (b) of section 38a-501 of the 2018  
2 supplement to the general statutes are repealed and the following is  
3 substituted in lieu thereof (*Effective October 1, 2018*):

4 (a) (1) As used in this section, "long-term care policy" means any  
5 individual health insurance policy delivered or issued for delivery to  
6 any resident of this state on or after July 1, 1986, that is designed to  
7 provide, within the terms and conditions of the policy, benefits on an  
8 expense-incurred, indemnity or prepaid basis for necessary care or  
9 treatment of an injury, illness or loss of functional capacity provided  
10 by a certified or licensed health care provider in a setting other than an  
11 acute care hospital, for at least one year after an elimination period (A)  
12 not to exceed one hundred days of confinement, or (B) of over one  
13 hundred days but not to exceed two years of confinement, provided  
14 such period is covered by an irrevocable trust in an amount estimated  
15 to be sufficient to furnish coverage to the grantor of the trust for the

16 duration of the elimination period. Such trust shall create an  
17 unconditional duty to pay the full amount held in trust exclusively to  
18 cover the costs of confinement during the elimination period, subject  
19 only to taxes and any trustee's charges allowed by law. Payment shall  
20 be made directly to the provider. The duty of the trustee may be  
21 enforced by the state, the grantor or any person acting on behalf of the  
22 grantor. A long-term care policy shall provide benefits for confinement  
23 in a nursing home or confinement in the insured's own home or both.  
24 Any additional benefits provided shall be related to long-term  
25 treatment of an injury, illness or loss of functional capacity. "Long-term  
26 care policy" does not include any such policy that is offered primarily  
27 to provide basic Medicare supplement coverage, basic medical-surgical  
28 expense coverage, hospital confinement indemnity coverage, major  
29 medical expense coverage, disability income protection coverage,  
30 accident only coverage, specified accident coverage or limited benefit  
31 health coverage.

32 (2) (A) No insurance company, fraternal benefit society, hospital  
33 service corporation, medical service corporation or health care center  
34 delivering, issuing for delivery, renewing, continuing or amending any  
35 long-term care policy in this state may refuse to accept, or refuse to  
36 make reimbursement pursuant to, a claim for benefits submitted by or  
37 prepared with the assistance of a managed residential community, as  
38 defined in section 19a-693, in accordance with subdivision (7) of  
39 subsection (a) of section 19a-694, solely because such claim for benefits  
40 was submitted by or prepared with the assistance of a managed  
41 residential community.

42 (B) Each insurance company, fraternal benefit society, hospital  
43 service corporation, medical service corporation or health care center  
44 delivering, issuing for delivery, renewing, continuing or amending any  
45 long-term care policy in this state shall, upon receipt of a written  
46 authorization executed by the insured, (i) disclose information to a  
47 managed residential community for the purpose of determining such  
48 insured's eligibility for an insurance benefit or payment, and (ii)

49 provide a copy of the initial acceptance or declination of a claim for  
50 benefits to the managed residential community at the same time such  
51 acceptance or declination is made to the insured.

52 (b) (1) No insurance company, fraternal benefit society, hospital  
53 service corporation, medical service corporation or health care center  
54 may deliver or issue for delivery any long-term care policy that has a  
55 loss ratio of less than sixty per cent for any individual long-term care  
56 policy. An issuer shall not use or change premium rates for a long-  
57 term care policy unless the rates have been filed with and approved by  
58 the Insurance Commissioner. Any rate filings or rate revisions shall  
59 demonstrate that anticipated claims in relation to premiums when  
60 combined with actual experience to date can be expected to comply  
61 with the loss ratio requirement of this section. A rate filing shall  
62 include the factors and methodology used to estimate irrevocable trust  
63 values if the policy includes an option for the elimination period  
64 specified in subdivision (1) of subsection (a) of this section.

65 (2) (A) Any insurance company, fraternal benefit society, hospital  
66 service corporation, medical service corporation or health care center  
67 that files a rate filing for an increase in premium rates for a long-term  
68 care policy that is for twenty per cent or more shall spread the increase  
69 over a period of not less than ~~[three]~~ five years. Such company, society,  
70 corporation or center shall use a periodic rate increase that is  
71 actuarially equivalent to a single rate increase and a current interest  
72 rate for the period chosen.

73 (B) Prior to implementing a premium rate increase, each such  
74 company, society, corporation or center shall:

75 (i) Notify its policyholders of such premium rate increase and make  
76 available to such policyholders the additional choice of reducing the  
77 policy benefits to reduce the premium rate. Such notice shall include a  
78 description of such policy benefit reductions. The premium rates for  
79 any benefit reductions shall be based on the new premium rate

80 schedule;

81 (ii) Provide policyholders not less than thirty calendar days to elect  
82 a reduction in policy benefits; and

83 (iii) Include a statement in such notice that if a policyholder fails to  
84 elect a reduction in policy benefits by the end of the notice period and  
85 has not cancelled the policy, the policyholder will be deemed to have  
86 elected to retain the existing policy benefits.

87 Sec. 2. Subsections (a) and (b) of section 38a-528 of the 2018  
88 supplement to the general statutes are repealed and the following is  
89 substituted in lieu thereof (*Effective October 1, 2018*):

90 (a) (1) As used in this section, "long-term care policy" means any  
91 group health insurance policy or certificate delivered or issued for  
92 delivery to any resident of this state on or after July 1, 1986, that is  
93 designed to provide, within the terms and conditions of the policy or  
94 certificate, benefits on an expense-incurred, indemnity or prepaid basis  
95 for necessary care or treatment of an injury, illness or loss of functional  
96 capacity provided by a certified or licensed health care provider in a  
97 setting other than an acute care hospital, for at least one year after a  
98 reasonable elimination period. A long-term care policy shall provide  
99 benefits for confinement in a nursing home or confinement in the  
100 insured's own home or both. Any additional benefits provided shall be  
101 related to long-term treatment of an injury, illness or loss of functional  
102 capacity. "Long-term care policy" does not include any such policy or  
103 certificate that is offered primarily to provide basic Medicare  
104 supplement coverage, basic medical-surgical expense coverage,  
105 hospital confinement indemnity coverage, major medical expense  
106 coverage, disability income protection coverage, accident only  
107 coverage, specified accident coverage or limited benefit health  
108 coverage.

109 (2) (A) No insurance company, fraternal benefit society, hospital  
110 service corporation, medical service corporation or health care center

111 delivering, issuing for delivery, renewing, continuing or amending any  
112 long-term care policy in this state may refuse to accept, or refuse to  
113 make reimbursement pursuant to, a claim for benefits submitted by or  
114 prepared with the assistance of a managed residential community, as  
115 defined in section 19a-693, in accordance with subdivision (7) of  
116 subsection (a) of section 19a-694, solely because such claim for benefits  
117 was submitted by or prepared with the assistance of a managed  
118 residential community.

119 (B) Each insurance company, fraternal benefit society, hospital  
120 service corporation, medical service corporation or health care center  
121 delivering, issuing for delivery, renewing, continuing or amending any  
122 long-term care policy in this state shall, upon receipt of a written  
123 authorization executed by the insured, (i) disclose information to a  
124 managed residential community for the purpose of determining such  
125 insured's eligibility for an insurance benefit or payment, and (ii)  
126 provide a copy of the initial acceptance or declination of a claim for  
127 benefits to the managed residential community at the same time such  
128 acceptance or declination is made to the insured.

129 (b) (1) No insurance company, fraternal benefit society, hospital  
130 service corporation, medical service corporation or health care center  
131 may deliver or issue for delivery any long-term care policy or  
132 certificate that has a loss ratio of less than sixty-five per cent for any  
133 group long-term care policy. An issuer shall not use or change  
134 premium rates for a long-term care policy or certificate unless the rates  
135 have been filed with the Insurance Commissioner. Deviations in rates  
136 to reflect policyholder experience shall be permitted, provided each  
137 policy form shall meet the loss ratio requirement of this section. Any  
138 rate filings or rate revisions shall demonstrate that anticipated claims  
139 in relation to premiums when combined with actual experience to date  
140 can be expected to comply with the loss ratio requirement of this  
141 section. On an annual basis, an insurer shall submit to the Insurance  
142 Commissioner an actuarial certification of the insurer's continuing  
143 compliance with the loss ratio requirement of this section. Any rate or

144 rate revision may be disapproved if the commissioner determines that  
145 the loss ratio requirement will not be met over the lifetime of the policy  
146 form using reasonable assumptions.

147 (2) (A) Any insurance company, fraternal benefit society, hospital  
148 service corporation, medical service corporation or health care center  
149 that files a rate filing for an increase in premium rates for a long-term  
150 care policy that is for twenty per cent or more shall spread the increase  
151 over a period of not less than [three] five years. Such company, society,  
152 corporation or center shall use a periodic rate increase that is  
153 actuarially equivalent to a single rate increase and a current interest  
154 rate for the period chosen.

155 (B) Prior to implementing a premium rate increase, each such  
156 company, society, corporation or center shall:

157 (i) Notify its certificate holders of such premium rate increase and  
158 make available to such certificate holders the additional choice of  
159 reducing the policy benefits to reduce the premium rate. Such notice  
160 shall include a description of such policy benefit reductions. The  
161 premium rates for any benefit reductions shall be based on the new  
162 premium rate schedule;

163 (ii) Provide certificate holders not less than thirty calendar days to  
164 elect a reduction in policy benefits; and

165 (iii) Include a statement in such notice that if a certificate holder fails  
166 to elect a reduction in policy benefits by the end of the notice period  
167 and has not cancelled the policy, the certificate holder will be deemed  
168 to have elected to retain the existing policy benefits.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018</i>	38a-501(a) and (b)
Sec. 2	<i>October 1, 2018</i>	38a-528(a) and (b)

Section 1	<i>October 1, 2018</i>	38a-501(a) and (b)
Sec. 2	<i>October 1, 2018</i>	38a-528(a) and (b)

***Statement of Purpose:***

To require insurers that file a rate increase of twenty per cent or more for an individual or a group long-term care insurance policy to spread such increase over not less than five years.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*